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Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC and Estate of Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Liquidation
of Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

ISAAC BLECH,

Defendant.

Adv. Pro. No. 10-04393 (SMB)

**STIPULATION OF PARTIAL SETTLEMENT AND
STAY OF FURTHER PROCEEDINGS UNTIL RESOLUTION OF
BANKRUPTCY CODE SECTION 546(e) APPEAL**

Irving H. Picard (the “Trustee”), as trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* (“SIPA”), and the substantively consolidated estate of Bernard L. Madoff individually (“Madoff”), by and through his counsel, Baker & Hostetler LLP, and defendant Isaac Blech (the “Defendant”, and together with Trustee, the “Parties”), by and through his counsel, Richard L. Spinogatti, Esq., hereby stipulate and agree to the following:

1. On November 30, 2010, Trustee commenced this adversary proceeding against the Defendant seeking the avoidance and recovery of: (a) transfers made by BLMIS within two years of December 11, 2008 (the “Two Year Transfers”) and (b) transfers made by BLMIS prior to December 11, 2006 (the “Non-Two Year Transfers”).

2. By Order dated April 30, 2012, (the “Dismissal Order”), the District Court dismissed Trustee’s claims to avoid and recover the Non-Two Year Transfers made to certain defendants based on an interpretation of Bankruptcy Code Section 546(e).

3. Trustee has appealed the Dismissal Order to the United States Court of Appeals for the Second Circuit (the “546(e) Appeal”). The 546(e) Appeal remains *sub judice*.

4. On August 19, 2014, the Parties entered into a settlement agreement (the “Settlement Agreement”) pursuant to the Settlement Procedures Order, entered by this Court on November 12, 2010 [Dkt. No. 3181].

5. Under the Settlement Agreement, the Parties have settled Trustee’s claims for the Two Year Transfers but have agreed to stay this proceeding until a final, non-appealable order is issued in the 546(e) Appeal affirming or reversing the Dismissal Order.

6. If a final, non-appealable order in the 546(e) Appeal reverses the Dismissal Order, Trustee will, as soon as practicable, dismiss Trustee’s Two Year Transfer claims against the

Defendant, and the Defendant shall respond to the Trustee's Non-Two Year Transfer claims within thirty (30) days of the entry of such final, non-appealable order. Defendant agrees they will not assert any laches, statutes of limitations, statute of repose, or time limitations defense based on the time period this proceeding is stayed as against them by this Stipulation. The Parties stipulate and agree: (i) Trustee preserves all rights, claims, causes of action, if any, against the Defendant for the Non-Two Year Transfers, and (ii) the Defendant preserves all defenses, if any, in response to Trustee's Non-Two Year Transfers.

7. If a final, non-appealable order in the 546(e) Appeal affirms the Dismissal Order, Trustee will, as soon as practicable, dismiss the adversary proceeding without costs to either Trustee or the Defendant.

8. The provisions of this stipulation shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns and upon all creditors and parties of interest.

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SIGNATURE PAGE FOLLOWS]

Dated: August 25, 2014

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SO ORDERED

/s/ STUART M. BERNSTEIN

Hon. Stuart M. Bernstein

United States Bankruptcy Judge

Dated: August 25th, 2014
New York, New York